

Message Text

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47

ACTION SS-25

INFO OCT-01 ADP-00 CCO-00 SSO-00 NSCE-00 TRSE-00 /026 W
----- 042548

O 131135 Z MAR 73

FM AMEMBASSY BONN

TO AMEMBASSY MOSCOW IMMEDIATE

INFO AMEMBASSY BRUSSELS IMMEDIATE

SECSTATE WASHDC 3830

AMEMBASSY PARIS

C O N F I D E N T I A L BONN 3677

EXDIS

MOSCOW PASS SECRETARY SHULTZ PARTY

BRUSSELS AND PARIS PASS UNDER SECRETARY VOLCKER

E. O. 16652: GDS

TAGS: EFIN, OVIP, GW (SHULTZ, GEORGE)

SUBJECT: POEHL ON SECRETARY SHULTZ' BONN VISIT AND PARIS
G-10 MEETING

1. I MET TODAY WITH FINANCE MINISTRY UNDER SECRETARY
POEHL FOR A DISCUSSION OF LAST WEEK' S EC FINANCE
MINISTERS AND G-10 MEETINGS. POEHL ALSO BROUGHT UP
FOLLOWING POINTS AS THOSE MINISTER SCHMIDT WILL WANT TO
RAISE WITH SECRETARY SHULTZ DURING THE SECRETARY' S BONN
VISIT.

2. SCHMIDT' S MAIN CONCERN IS THAT FRIDAY' S PARIS G-10
MEETING SHOULD GIVE EXCHANGE MARKETS AND EVERYONE ELSE
THE IMPRESSION THAT US AND EUROPEANS CONSIDER PRESENT
PARITY STRUCTURE A CORRECT ONE AND ARE PREPARED TO DO
WHATEVER NECESSARY TO MAINTAIN IT (I. E., NOT TO LET THE
FLOAT GET OUT OF HAND). HE THEREFORE HOPES THAT STRONG
PUBLIC STATEMENTS TO THIS EFFECT CAN BE MADE BY EVERYONE.

3. SCHMIDT ALSO WOULD LIKE TO EXPLORE WITH THE SECRETARY
ACTIONS THE US MIGHT CONSIDER TAKING IN FOLLOWING
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FIELDS: (A) INTERVENTION IN SUPPORT OF THE DOLLAR,
(B) INTEREST RATE POLICY AND (C) CAPITAL CONTROLS.
POEHL MENTIONED THAT HE PERSONALLY THOUGHT THAT WHILE
US MIGHT NOT FEEL ABLE TO INSTITUTE ADDITIONAL CONTROLS ON
OUTWARD CAPITAL MOVEMENTS, IT MIGHT INSTEAD CREATE
ADDITIONAL INCENTIVES FOR CAPITAL IMPORTS INTO THE US.

4. POEHL SAID THAT WHILE SCHMIDT MAY NOT RAISE THIS
ON HIS OWN INITIATIVE, GERMANS WOULD BE RECEPTIVE TO A
US PROPOSAL ON DISCONTINUANCE OF SPLIT GOLD MARKET AND
WOULD BE PREPARED TO PARTICIPATE IN SOME FREE MARKET
GOLD SALES.

5. POEHL SAID GERMANS FULLY SATISFIED WITH OUTCOME OF
PARIS AND BRUSSELS MEETINGS. WHILE RESULTS DO NOT CON-
STITUTE PROGRESS FOR EC MONETARY UNION, NEITHER ARE THEY
A SET BACK. POEHL DID NOT FEEL THAT IT WOULD CONSTITUTE
PROBLEM FOR EC IF SOME NON- EC COUNTRIES LOOSELY JOINED
THE FLOAT OF THE SIX.
HILLENBRAND

NOTE: EXDIS ADDED PER BONN SERVICE WIRE 3/13/73

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*** Current Handling Restrictions *** EXDIS

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1973
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN03677
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GDS
Errors: n/a
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730326/aaaahptw.tel
Line Count: 90
Locator: TEXT ON-LINE
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Jul-2001 by willialc>; APPROVED <29-Aug-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971126
Subject: POEHL ON SECRETARY SHULTZ BONN VISIT AND PARIS G-10 MEETING
TAGS: EFIN, OVIP, GW, (SHULTZ, GEORGE)
To: BRUSSELS
MOSCOW
PARIS
SECSTATE WASHDC
SS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

